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Message Text

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PAGE 01 STATE 081353

47
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DRAFTED BY EUR/CE:LHEICHLER:SK
APPROVED BY EUR:AAHARTMAN
EUR/CE - MR. GEORGE
EUR/RPM - MR. CHRISTIANSON
TREASURY - MR. NENSEL (DRAFT)
DOD - COL. HARDIGAN (DRAFT)
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TO AMEMBASSY BONN IMMEDIATE
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E.O. 11652: N/A
TAGS: EFIN, GW
SUBJECT: OFFSET

REFERENCE: BONN 6034

1. DEPARTMENT SUGGESTS FOLLOWING CHANGES IN PROPOSAL PRESS COMMUNIQUE:

2. WE PREFER FOLLOWING LANGUAGE FOR OPENING PARAGRAPH:
"THE GOVERNMENTS OF THE FEDERAL REPUBLIC OF GERMANY AND THE UNITED STATES OF AMERICA, REPRESENTED BY MINISTERIAL DIREKTOR DR. HERMES AND AMBASSADOR HILLENBRAND, TODAY SIGNED AN AGREEMENT WHICH PROVIDES FOR OFFSETTING THE BALANCE-OF-PAYMENTS COSTS OF STATIONING US FORCES IN THE
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PAGE 02 STATE 081353

FEDERAL REPUBLIC. THE AGREEMENT RESULTED FROM

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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SEVERAL MONTHS OF NEGOTIATION AND FROM INFORMAL TALKS HELD ON MARCH 19, 1974 BETWEEN THE FEDERAL MINISTER OF FINANCE, HERR HELMUT SCHMIDT, AND THE SECRETARY OF THE TREASURY OF THE UNITED STATES OF AMERICA, MR. GEORGE SHULTZ. REMAINING DETAILS WERE SUBSEQUENTLY AGREED BETWEEN THE NEGOTIATING DELEGATIONS."

3. IN PENULTIMATE SENTENCE PARAGRAPH 2 (COVERING LANDING CHARGES AND REAL ESTATE TAXES) WE WANT TO BE LESS SPECIFIC AND THEREFORE PROPOSE SUBSTITUTION OF FOLLOWING SENTENCE: "IN ADDITION, THE UNITED STATES FORCES WILL BE EXEMPT FROM

LANDING CHARGES IN GERMAN CIVILIAN AIRFIELDS AND FROM CERTAIN REAL ESTATE TAXES (20 MILLION DM)."

4. WE WISH TO ADD FOLLOWING LANGUAGE TO PENULTIMATE (THIRD) PARAGRAPH: "BOTH GOVERNMENTS ARE INFORMING THEIR NATO ALLIES ABOUT THIS AGREEMENT, WHICH WILL FORM AN INTEGRAL PART OF THE NATO BURDENSHARING PROGRAM CURRENTLY UNDER DISCUSSION."

5. IF ABOVE CHANGES ACCEPTABLE TO FRG, WE WOULD BE PREPARED TO ISSUE IDENTICAL STATEMENT (EXCEPT FOR USING DOLLAR EQUIVALENTS) TIMED TO COINCIDE WITH FRG RELEASE FOLLOWING SIGNATURE OF OFFSET AGREEMENT. SINCE WE, UNLIKE GERMANS, WILL HAVE TO DEAL WITH PRESS QUESTIONING IN JACKSON-NUNN AMENDMENT CONTEXT, GERMANS SHOULD KNOW THAT WE WOULD PLAN TO BUILD ON LANGUAGE SUGGESTED IN PARAGRAPH 4 ABOVE TO EXPLAIN RELATIONSHIP OF OFFSET TO TOTAL BALANCE OF PAYMENTS DEFICIT. KISSINGER

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